

January 17, 2003

To: Supervisor Yvonne Brathwaite Burke, Chair  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: David E. Janssen  
Chief Administrative Officer

## **STATE BUDGET UPDATE**

### Assembly Budget Subcommittee Hearing on Health and Human Services

The Assembly Subcommittee No. 1 on Health and Human Services met on Friday, January 17, 2003 to consider the Governor's mid-year budget reductions. The Subcommittee did not take up the proposed reductions to the Medi-Cal Program, including reinstatement of the Quarterly Status Report, 1931(b) eligibility, provider rate reductions, and elimination of certain optional benefits. The Subcommittee has apparently concluded its work without taking any action on those items. It will now make its recommendations to the full Assembly Budget Committee for which a meeting has yet to be announced. Actions taken include suspension of the SSI/SSP COLAs for June 1, 2003 and January 1, 2004, and the CalWORKs COLA for FY 2002-03 and FY 2003-04.

### Upcoming Budget Hearings

The Senate Budget and Fiscal Review Committee will meet on Tuesday, January 21, 2003 at 9 a.m. to discuss the proposed mid-year State Budget reductions. No further subcommittee hearings are scheduled at this time. On Wednesday, January 22, 2003, the Senate Local Government Committee will hold an informational hearing at 9:30 a.m. on "Local Governments and the Budget." A Joint Hearing of the Housing and Community Development and Local Governments Committees will meet on Thursday, January 23, 2003, upon adjournment of the Senate, to discuss "Redevelopment and the State Budget."

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### Property Taxes on Business Property

Senator Escutia (D-Whittier) introduced SB 3 which states that it is “the intent of the Legislature to enact a program to specify those circumstances under which nonresidential commercial and industrial property undergoes a change in ownership, to ensure that all real property is assessed at fair market value when that real property undergoes a change in ownership.” While it is only a statement of intent, it appears to signal a willingness to reconsider the conditions under which certain commercial/industrial properties are able to maintain the benefits of Proposition 13.

I will continue to keep you advised.

DEJ:GK  
MAL:JR:ib

c:     Executive Officer, Board of Supervisors  
       County Counsel  
       Local 660  
       All Department Heads  
       Legislative Strategist  
       Coalition of County Unions  
       California Contract Cities Association  
       Independent Cities Association  
       League of California Cities  
       City Managers Associations  
       Buddy Program Participants